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ABSTRACT

As part of the "Assessing the New Federalism" project monitoring and assessing the devolution of social programs from the federal to the state and local levels, this study explored how much help employed families get with child care expenses and the types of help they receive. The analysis is based on data from the 1997 and 1999 National Survey of America's Families (NSAF), a nationally representative survey focused on families with children. Among the key findings are that about 30 percent of all employed families with children under age 13 receive some type of non-tax child care help, with two sources of help predominating: free care from a relative and free or subsidized care from a government agency or private organization. Low-income families were more likely to receive child care help than were higher-income families, especially families below the poverty level and single-parent families. Between 1997 and 1999, the percentage of low-income families with no child care expenses increased because of relative help. Approximately 20 percent of all employed families with children under 13 paid no child care expenses because of help received. At current levels of child care help, low-income families that pay for child care pay an average of 14 percent of earnings for care and poor families pay an average of 18 percent of earnings, compared to 7 percent for higher-earnings families. (Two appendices detail state-level results and provide details about methods used to identify and categorize types of child care. Contains 27 notes and 14 references.) (KB)

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Linda Giannarelli
Sarah Adelman
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An Urban Institute Program to Assess Changing Social Policies

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Assessing the New Federalism
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This report is part of the Urban Institute's *Assessing the New Federalism* project, a multiyear effort to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

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About the Series

Assessing the New Federalism is a multiyear Urban Institute project designed to analyze the devolution of responsibility for social programs from the federal government to the states, focusing primarily on health care, income security, employment and training programs, and social services. Researchers monitor program changes and fiscal developments. In collaboration with Child Trends, the project studies changes in family well-being. The project aims to provide timely, nonpartisan information to inform public debate and to help state and local decisionmakers carry out their new responsibilities more effectively.

Key components of the project include a household survey, studies of policies in 13 states, and a database with information on all states and the District of Columbia, available at the Urban Institute's web site. This paper is one in a series of occasional papers analyzing information from these and other sources.

Contents

Executive Summary vii

Introduction 1

The NSAF Data 2

Understanding Child Care Help 2

What Percentage of Families Gets Help? 4

What Types of Help Are Most Common? 6

How Do the Types of Help Vary by Income Level? 8

Among Low-Income Families, How Do the Types of Help Vary by Family Characteristics? 11

What is the Relationship between Getting Help and Paying for Child Care? 13

At Current Levels of Help, How Much Do Families Pay for Child Care? 15

Does the Incidence of Child Care Help Change from 1997 to 1999? 18

Summary and Conclusions 19

Notes 21

References 24

Appendix A: State-Level Results 25

Appendix B: Identifying and Categorizing Child Care Help 34

About the Authors 41

Executive Summary

Working families with children find different ways to cope with the high cost of nonparental child care. Families may obtain help from relatives, the government and other organizations, employers, nonresident parents, or other individuals. In some cases, families are able to use nonparental child care without paying anything—for instance, by participating in a program that does not require a parental payment, or by having a relative care for the children without payment. Other families get help with part of their child care bill but still have some child care expenses.

This analysis explores how much help employed families get with child care expenses and the types of help they receive. The findings are presented for all employed families as a whole and for different groups of families—low-income families, families with preschool-age children, and so on. The paper also examines the relationship between child care help and child care expenses.

The analysis is based on the National Survey of America's Families (NSAF), a nationally representative survey focused on families with children. The NSAF has been conducted twice, in 1997 and in 1999. This analysis focuses on the 1999 data, with some discussion of differences between the 1997 and 1999 results.

The key findings are listed below, by topic. More details and explanation can be found on the pages listed in parentheses.

Incidence and Types of Child Care Help

- At least 29 percent of all employed families with children under age 13 receive some type of non-tax child care help, including help from relatives, the government and other organizations, employers, nonresident parents, and other individuals. (page 4)
- Among families with some type of help, two sources of help predominate:
  - Fourteen percent of families receive free child care from a relative and pay no child care expenses at all. (page 6)
  - At least 12 percent of families receive free or subsidized child care from a government agency or a private organization. (page 6)

Child Care Help for Low-Income Families

- Low-income families (those with income under 200 percent of the federal poverty level [FPL]) are more likely to get some sort of child care help. At least 39 percent of low-income employed families with a child under age 13 get non-tax child care help, compared with 24 percent of higher-income families. (pages 4 and 8)

- Among low-income families, those most likely to receive help are families with income below the poverty level and single-parent families. (pages 4 and 11)
- Among low-income single-parent families, those most likely to receive help are families with children under age 5 and families with some welfare history. (pages 4 and 12–13)
- Between 1997 and 1999, there was an increase in the percentage of low-income families with no child care expenses because of help from relatives (from 13 to 16 percent). (page 19)

Relationship between Child Care Help and Child Care Expenses

- Approximately 20 percent of all employed families with children under age 13 pay no child care expenses because of help that they receive from relatives, the government, private organizations, or other sources. At least 8 percent of families receive child care help but still have some child care expenses. (These two groups make up the 29 percent of families with some sort of child care help.) (page 13)
- Among families with government/organization child care help, approximately half still have some child care expenses. Either the family must pay a copayment or the subsidy pays entirely for one child care arrangement but the family must pay for another arrangement (either for the same child or a different child). (page 6)

Child Care Expenses at Current Levels of Help

- Overall, 48 percent of employed families with children under age 13 pay for child care, spending an average of $303 per month, which amounts to 9 percent of parental earnings on average. (These figures are based on what the families pay on their own, which is less than the total cost of the child care for families that get some type of help but still have expenses.) (page 15)
- At the current levels of child care help, low-income families that pay for child care pay an average of 14 percent of earnings for that care (compared with 7 percent for higher-earnings families). Poor families that pay for child care pay an average of 18 percent of their earnings. (page 17)

For families that receive child care help, that help makes a major difference in their ability to cope with the high costs of nonparental child care. Twenty percent of families use nonparental child care but do not pay for it, because of some form of help. Nevertheless, even with current levels of child care help, the 42 percent of low-income families that pay for child care spend an average of $1 in every $7 of earnings to purchase that care.

Getting Help with Child Care Expenses

Introduction

Child care can be very expensive, and employed parents with low or moderate incomes may find that they either need to get help in paying for it, or avoid paying for it at all. Getting help with child care expenses may broaden a family's choices in at least two ways. First, affordable child care increases parents' employment choices. If child care is more affordable, a single parent may be better able to remain off welfare, a parent in a two-parent family who has been staying at home may prefer to go back to work, and a parent with school-age children may choose to work a full day instead of only during school hours. Second, more affordable child care broadens parents' child care choices. Although the link between cost and quality is not direct, elements of high-quality child care—such as low student-to-teacher ratios—are expensive to provide. Thus, a family with help in paying for child care expenses may be able to afford a high-quality program that would otherwise have been out of reach financially. In contrast, parents might continue to use a child care arrangement that they are not happy with if they are unable to afford other options.

Child care help can come from a variety of sources. Family members may provide child care for free, obviating the need for parents to use other types of arrangements. Many families receive subsidies that cover part or all of their expenses through the federally funded Child Care and Development Fund (CCDF) block grant, the Temporary Assistanee for Needy Families (TANF) block grant, or state or local programs. However, with the exception of a few state programs, government-funded subsidies are not entitlements. Some low-income parents can access free part-day services for 3- and 4-year-olds through federally funded Head Start centers (again, to the extent funds are available); and 4-year-olds receive free pre-kindergarten education in some states. Local programs or agencies (such as the United Way) or individual child care centers may offer full or partial child care "scholarships." Employers may subsidize child care as a benefit to their employees, and noncustodial parents may pay part or all of the bill for their children's care. Child care expenses may also be defrayed through the child care tax credit in the federal income tax system, tax credits and deductions in some state income tax systems, or employer-sponsored Dependent Care Assistance Plans (commonly known as flexible spending accounts), which allow some child care expenses to be paid with pretax dollars.

This analysis examines the extent to which families receive many types of non-tax help with child care, considering both the source of the help—relatives, the government or other organizations, employers, nonresident parents, and other individuals—and whether the assisted families still have child care expenses. The first section describes the data used for the analysis—the National Survey of America's Families, or NSAF—and the second describes how the concept of child care help is defined and categorized in this analysis. The subsequent sections describe

the incidence of child care help—overall, for different types of assistance, and for families at different income levels—the relationship between receiving help and paying for child care, and the amounts paid for child care at current levels of child care help. These sections are followed by a discussion of national-level changes in the incidence of child care help from 1997 to 1999. The final section summarizes the results and draws some conclusions. Appendix A presents variations in child care help across the NSAF focal states.[1] Appendix B gives details on how families were identified as getting help and sorted into the types of help they receive.

The NSAF Data

The NSAF has been conducted twice, in 1997 and in 1999.[2] Both rounds of the survey covered numerous topics relevant to the well-being of America's families, including health care, income support, job training, child care, and other social services. The survey is nationally representative of America's families and also allows analysis of 13 individual states.

This analysis focuses on NSAF families with at least one child under age 13, in which the respondent (usually the mother[3]) was employed at the time of the survey and was interviewed about child care arrangements and expenses during a non-summer month. We did not include respondents who were asked about child care in a summer month, since patterns of help with child care could vary between the school year and the summer.[4] There were 14,010 families meeting our criteria in the 1999 NSAF data, and 10,376 in the 1997 NSAF.[5]

The 1997 and 1999 NSAFs asked numerous questions about child care arrangements and expenses. Respondents who reported that at least one focal child was in some sort of nonparental setting while they worked were asked several questions about child care expenses and help, including the family's overall child care expenses, whether the family paid for child care on a sliding fee scale, and whether any other person or organization paid for all or part of the cost of child care for any of the family's children. All questions about expenses and help were asked at the family level, rather than at the child level. (Thus, our analysis is at the family level.) The NSAF did not ask whether families benefited from child care help that is provided through the tax code.[6]

Understanding Child Care Help

This analysis uses a broad definition of non-tax child care help, including help from relatives, subsidies or free child care from the government or other organizations, and assistance from nonresident parents, employers, and other individuals. Child care help can be defined and categorized in many different ways. This section provides an overview of our approach. More details are provided in appendix B.

We consider a family to be getting help with child care if:

- the family reported paying on a sliding fee scale, or
- the family reported that some person or agency paid all or part of the cost of child care for the family's children, or
- the family did not report help explicitly, but apparently received some type of help because the family used nonparental child care for a focal child (according to the NSAF questions on child care arrangements) but reported having no expenses.

The last group—those whose assistance is inferred—could have received child care from relatives or friends who did not ask for payment, or might have received free care funded by the government or other organizations but failed to report the help. Some respondents who did not pay for child care likely viewed that care simply as "free" and thus responded "no" when asked if another person or an agency paid the cost of child care.

Sources of Child Care Help

This analysis uses the NSAF questions to examine five sources of child care help: relatives, government agencies and other organizations, nonresident parents, employers, and other individuals. Respondents were coded as having these forms of help based on the type of help respondents reported or, in cases where child care help was inferred, the type of arrangements the family used for focal children. (See appendix B for details.) Among families receiving help from any of these sources, some families reported paying nothing for child care, while others still made some child care payment.

Two important points should be noted about this categorization of the sources of child care help. First, help from the government is combined with help from any other organization. This combination is necessary even though many respondents explicitly reported that a welfare or social services agency paid all or part of their child care costs, because in many other cases it is not possible to determine whether help is government-provided. For example, families that reported paying for child care on a sliding fee scale may not be receiving government help, because nonprofit and for-profit child care centers may also use sliding fee scales.

Second, a family is captured as receiving help from a nonresident parent only if the respondent explicitly reports that a nonresident parent paid part or all of the cost of child care for the respondent's children. Child support income is not counted as child care help in this analysis, although a family might use child support income to help pay for child care, and some child support orders are calculated in a way that takes child care needs into account.

Minimum Estimates

The NSAF data underestimate the actual incidence of non-tax help with child care, owing to the many situations in which a family might not report its child care help.

For instance, a respondent who considers her child's unpaid arrangement as simply "free" may not report anyone else as paying for all or part of it. When a family using nonparental child care does not pay *any* child care expenses, we can infer the presence of help, as described earlier. However, if the family does pay some expenses—either because the help does not cover all of the cost of a particular arrangement, or because the family uses multiple arrangements and not all are unpaid—we cannot identify the family as receiving help when that help is not explicitly reported.[7]

This situation particularly affects our estimates of help from relatives. In fact (as explained further in appendix B) it is likely that our estimates are missing most of the cases when a relative provides some but not all of a family's child care for free.

What Percentage of Families Gets Help?

At the time of the 1999 NSAF, at least 29 percent of employed families with children under age 13 received non-tax help with child care (figure 1). This estimate includes families with help from any of the sources listed above—a relative, a government agency or another organization, a nonresident parent, an employer, or an unrelated individual—and it includes families that pay nothing for nonparental child care due to that help as well as families that still have child care expenses.

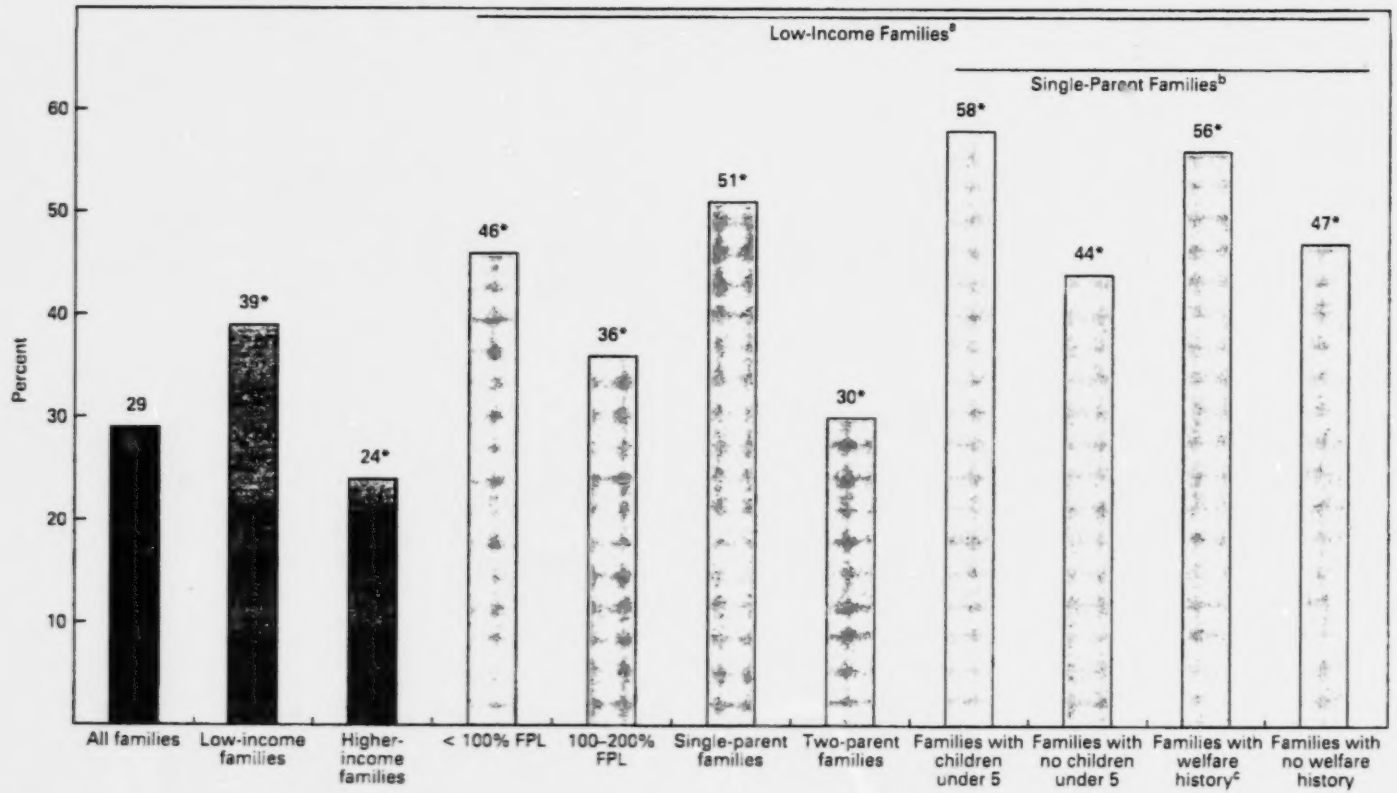
Low-income families—defined here as families with income below 200 percent of the federal poverty level (FPL)—are more likely than higher-income families to get help with child care, but help is still relatively common among families with incomes at or above 200 percent of FPL.[8] At least 39 percent of low-income families had child care help at the time of the 1999 NSAF, a significantly higher share than the 24 percent of higher-income families that received non-tax help.[9]

Two facts are important to note concerning higher-income families. First, the families referred to in this analysis as higher-income families—with income at or above 200 percent of FPL—are generally not *high*-income families; a family of four with two children and income of $33,060 or more is in the "higher income" group. Second, if child care help through the tax code were included, the relationship between the percentages for low-income and higher-income families might be different, since higher-income families are more likely to benefit from child care tax credits and flexible spending accounts.[10]

Among low-income families, the likelihood of getting help is related to poverty status and family type. At least 46 percent of poor families (those with income less than 100 percent of FPL) had help with child care expenses, compared with 36 percent of near-poor families (those with incomes between 100 and 200 percent of FPL). At least 51 percent of low-income single-parent families[11] had help with child care expenses, compared with 30 percent of low-income two-parent families.

Among low-income single-parent families, those with younger children and with current or previous welfare receipt were most likely to get help. At least 58 percent of low-income single-parent families with a child under age 5 received help with

Figure 1. Percentage of Employed Families with Children under Age 13 That Get Help with Child Care, 1999



Source: 1999 National Survey of America's Families.

Note: Help with child care includes non-tax help from government/organization as well as help from a relative, a nonresident parent, an employer, or another individual. The NSAF data underestimate the actual incidence of non-tax help with child care because they do not allow us to identify all families that use some free arrangements but pay for others, or that pay reduced costs but do not report getting help.

FPL = federal poverty level

a. Families with incomes below 200 percent of the federal poverty level.

b. Families where the respondent lives with neither a spouse nor partner.

c. Families that currently or previously received AFDC/TANF.

* = differences between low- and higher-income families, poor and near-poor families, single-parent and two-parent families, families with children under 5 and families with no children under 5, and families with welfare history and families with no welfare history are statistically significant at the 0.10 level.

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child care, compared with 44 percent of those whose children were all age 5 or older. At least 56 percent of low-income single-parent families with either current or previous receipt of cash aid (from TANF or the prior Aid to Families with Dependent Children program) had some sort of help with child care expenses, compared with 47 percent of those who had never received cash aid.

Although the likelihood of getting help varies by income level, type of family, age of children, and welfare history, the likelihood does not vary a great deal by state of residence. Appendix A shows that, in the states that can be separately analyzed in the NSAF data, there was little variation in the incidence of child care help, either overall or for low-income or higher-income families. Further, the likelihood of getting child care help was not closely related to either full-time/part-time work status, urban/rural status, or race.[12]

What Types of Help Are Most Common?

Child care help can be categorized along two key dimensions: the source of the child care help and whether or not the family still made some payment for child care. Looking across all the sources of child care help, 20 percent of employed families with a child under age 13 received help that allowed the family to avoid all child care expenses (table 1). Another 8 percent of families received help but still had some child care expenses. (The two percentages add to slightly less than the 29 percent of all families with child care help because of rounding.)

The most common source of child care help captured in the NSAF data is help from relatives. Fourteen percent of employed families with a child under age 13 had no child care expenses, because a relative (or a combination of a relative plus another source) provided all their child care for free.[13] It is likely that many more families received some child care for free from a relative, but also paid for other child care arrangements; however, those families cannot be identified in these data so they are not included in the 14 percent estimate.[14] Less than 1 percent of families reported that a relative paid part of the cost of a child care arrangement.

The second most common source of help with child care expenses is through the government or another organization. At least 12 percent of employed families with a child under age 13 received help from a government agency or another organization (not including help through the tax code). Among the families that can be identified as receiving government/organization help, approximately half paid nothing for child care while the others still made some payment. One reason that families with government/organizational help might still have child care expenses is that while one arrangement may be fully subsidized, the family may have to pay for another arrangement (for the same child or a different child). Also, many families with government/organizational subsidies (including most families receiving CCDF-funded subsidies) are required to pay part of the cost of their subsidized child care—usually called a "copayment." In addition, in 36 states, if the child care provider charges an amount greater than the maximum rate allowed by the subsidy program, the provider may ask the family to pay the difference (Children's Defense Fund 2001).

Table 1. Percentage of Employed Families with Children under Age 13 That Get Different Kinds of Help with Child Care, All Families and by Income, 1999

	All Families	By Income	
		Low-Income Families[a]	Higher-Income Families
Any Type of Child Care Help[b]			
Family has no expenses	20	25	18
Family has some expenses	8	14	6
Total	29	39	24
Help from a Relative[c]			
Family has no expenses	14	16	14
Family has some expenses	<1	<1	<1
Total	14	16	14
Help from Government or Other Organization[d]			
Family has no expenses	6	9	4
Family has some expenses	6	12	4
Total	12	21	8
Help from a Nonresident Parent (Total)[e]	2	3	2
Help from an Employer (Total)[f]	<1	<1	<1
Help from Other Individuals (Total)[g]	2	2	2

Source: 1999 National Survey of America's Families.

Note: Bold indicates significant difference between low-income and higher-income families at the 0.10 level.

a. Families with income below 200 percent of the federal poverty level.

b. The total percentage of families with any type of child care help is less than the sum of the different types of child care help because of rounding and a minimal amount of overlap.

c. Families that reported help from a relative or that used relatives as child care providers, paid nothing for child care, and did not report any kind of child care help. This estimate is a minimum, because we cannot identify cases where a family used but did not report free relative care as one arrangement but paid for another arrangement.

d. Families that reported that they paid less for child care because of their income, families that reported assistance from welfare or social services, and families that reported assistance from any other source other than an individual or employer. Also includes families whose children were cared for by child care centers, Head Start, or before- and after-school programs, that paid nothing for their child care, and that did not report any kind of child care help. This estimate is a minimum, because of underreporting of subsidy use and because we cannot identify families that use and do not report free center-based, Head Start, or before- and after-school programs as one arrangement, but pay for another.

e. Families that reported assistance from another person or agency and specified the source as a nonresident parent or a parent with shared custody.

f. Families that reported assistance from another person or agency and specified the source as their employer.

g. Families that reported that a friend or any other individual (other than a nonresident parent) helped pay for child care. Also includes families that did not pay for child care and did not report any assistance when the children were cared for by nonrelatives.

Only 2 percent of families reported that a nonresident parent helped pay for child care. (Data for single-parent families are discussed below.) Most of the families reporting help from a nonresident parent also reported some child care expenses, indicating that the nonresident parent typically pays part but not all of the bill. As discussed earlier, these estimates do not count child support income as child care help.

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The final two sources of help that can be identified in the NSAF data are employers and other individuals. Less than 1 percent of all employed families with children under 13 reported help from an employer. Two percent of families received help from an individual other than a relative or a nonresident parent. In most of those cases, the nonrelative appeared to provide child care directly without asking for any payment.

How Do the Types of Help Vary by Income Level?

Low-income families are much more likely than higher-income families to receive some types of help, but not others. Low-income employed families are much more likely than higher-income families to receive non-tax government/organization assistance, but only slightly more likely to receive all their child care for free from relatives, and no more likely to receive other types of help. Thus, the much higher incidence of child care help among low-income families (39 percent, compared with 24 percent for higher-income families) is due almost entirely to the higher incidence of government/organization assistance.

At least 21 percent of low-income employed families received non-tax help from the government or another organization at the time of the 1999 NSAF, compared with 8 percent of higher-income families. (The remaining low-income families—79 percent—received no government/organization child care help. For a discussion of possible reasons, see the box on page 9.) The higher incidence of government/organization help for low-income families is not surprising, since they are the primary recipients of subsidies through the federally funded CCDF and TANF programs, as well as most programs run by states and nonprofits. However, if our definition of government/organization help included tax-based child care help (credits, deductions, and flexible spending accounts), low-income families might no longer have a higher incidence of government/organization help.

Although 8 percent of all higher-income families had government/organization assistance, the percentage varied markedly from the lower to the upper ends of that income range. Among families from 200 to 250 percent of FPL, 15 percent had government/organization assistance, compared with only 5 percent of families with incomes above 400 percent of FPL (these figures are not in a table). Many families with income from 200 to 250 percent of FPL are still eligible for subsidy programs. For example, in 1999, the income cutoff for CCDF eligibility for a three-person family was at least slightly above 200 percent of FPL in 22 states.[15] Further, some programs (such as some state pre-kindergarten programs and certain neighborhood after-school programs) may be open to all children without means testing; and individual child care centers may offer scholarships to a broader range of families than would qualify for other subsidy programs (for instance, all families with more than one child at a center).

Among both the low-income and higher-income families identified as receiving government/organization help, close to half still had some child care expenses.

Those families either had to make a copayment or they combined one arrangement that was free through a government/organization program with another arrangement that required a payment.[16]

Low-income families are slightly more likely to receive all their child care for free from relatives than higher-income families. At least 16 percent of low-income employed families with children under age 13 received this kind of help, compared with at least 14 percent of higher-income families. This is consistent with other NSAF analysis showing that low-income families are more likely than higher-income families to use relative care as the primary arrangement for a school-age child (Sonenstein et al. 2002).[17]

Why Some Low-Income Families Don't Receive Government Help

While 39 percent of low-income families received some sort of child care help in 1999, the other 61 percent did not. They either avoided the use of nonparental child care other than school, or they used child care and paid the full cost.

Many unassisted low-income families would have been eligible for government-funded assistance programs. However, low-income families often do not try to obtain government child care help. Among low-income employed families that did not receive child care help from the government or another organization, only 7 percent reported that they had asked for such help.[a] The others presumably did not feel they needed assistance, did not want assistance from a government program, did not know that assistance might be available, or did not think they would be eligible for assistance. (The NSAF did not ask why government assistance was not sought.)

The low-income families without government/organization assistance that *had* asked about government aid reported a variety of reasons for not receiving that help. The four most common answers (starting with the most commonly cited reason) were:

- *The family was not eligible for assistance.* A low-income family might not be eligible for government subsidies depending on the family's exact circumstances and the subsidy rules in the family's state of residence.[b]
- *Assistance was not available*, due to a waiting list or because only some types of families were being assisted. Since the large federally funded child care subsidy programs are not entitlements, the available funds may not cover all eligible families that want help.
- *The respondent became discouraged and gave up the process.*
- *The respondent decided after having initiated the process that s/he did not need or want help from the government.*

a. An MKA was asked if s/he had tried to obtain government child care assistance if the family was low-income (with income under 200 percent of FPL), the MKA did not explicitly report child care help in the last month from welfare or social services (when asked the question "Does anyone else pay for all or part of the cost of the care for any of your children under age 13?"), and did not report child care help from the government in the past year (in a separate question that was not otherwise analyzed for this paper due to the different time frame).

b. In most states, the 1999 income threshold for starting to receive CCDF-funded subsidies was at least slightly below 200 percent of FPL, so families at the upper end of the income range in our "low-income" group might not have been eligible.

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Table 2. Percentage of Low-Income Employed Families with Children under Age 13 That Get Different Kinds of Help with Child Care, 1999

	By Income		By Family Type		Single-Parent Families: By Age of Youngest Child		Single-Parent Families: By Welfare History	
	<100% of FPL	100–200% of FPL	Single-Parent Families	Two-Parent Families[a]	Families with Children under 5	Families with No Children under 5	Families with Welfare History[b]	Families with No Welfare History
Any Type of Child Care Help[c]								
Family has no expenses	**29**	**23**	**29**	**22**	**26**	**32**	**34**	**27**
Family has some expenses	**16**	**13**	**21**	**8**	**31**	**12**	21	20
Total	**46**	**36**	**51**	**30**	**58**	**44**	**56**	**47**
Help from a Relative[d]								
Family has no expenses	16	15	**18**	**13**	**14**	**21**	19	18
Family has some expenses	<1	<1	<1	<1	1	<1	1	<1
Total	16	15	**18**	**13**	**15**	**21**	19	18
Help from Government or Other Organization[e]								
Family has no expenses	**12**	7	**10**	7	12	10	**14**	**8**
Family has some expenses	**14**	**11**	**17**	**8**	**26**	**10**	19	15
Total	27	17	**28**	**15**	**38**	**20**	**34**	**24**
Help from a Nonresident Parent (Total)[f]	3	3	**5**	**1**	**7**	**2**	**3**	**6**
Help from an Employer (Total)[g]	<1	<1	<1	<1	1	<1	1	<1
Help from Other Individuals (Total)[h]	**3**	**2**	**3**	**1**	**4**	**3**	**6**	**2**

Source: 1999 National Survey of America's Families.

Notes: Low-income families are those with family incomes below 200 percent of the federal poverty level. Percentages in subcategories do not add to total because of rounding and a minimal amount of overlap between some categories. Bold indicates significant difference at the 0.10 level between poor and near-poor families, between low-income single-parent families and low-income two-parent families, between low-income single-parent families with children under 5 and low-income single-parent families with no children under 5, or between families with welfare history and families with no welfare history.

FPL = federal poverty level

a. Families where the respondent lives with a spouse or partner.

b. Families that currently or previously received AFDC/TANF.

c. The total percentage of families with any type of child care help is less than the sum of the different types of child care help because of rounding and a minimal amount of overlap.

d. Families that reported help from a relative or that used relatives as child care providers, paid nothing for child care, and did not report any kind of child care help. This estimate is a minimum, because we cannot identify cases where a family used but did not report free relative care as one arrangement but paid for another arrangement.

e. Families that reported that they paid less for child care because of their income, families that reported assistance from welfare or social services, and families that reported assistance from any source other than an individual or employer. Also includes families whose children were cared for by child care centers, Head Start, or before- and after-school programs, that paid nothing for their child care, and that did not report any kind of child care help. This estimate is a minimum, because of underreporting of subsidy use and because we cannot identify families that use and do not report free center-based, Head Start or before- and after-school programs as one arrangement, but pay for another.

f. Families that reported assistance from another person or agency and specified the source as a nonresident parent or a parent with shared custody.

g. Families that reported assistance from another person or agency and specified the source as their employer.

h. Includes families that reported that a friend or any other individual (other than a nonresident parent) helped pay for child care. Also includes families that did not pay for child care and did not report any assistance when the children were cared for by nonrelatives.

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Among Low-Income Families, How Do the Types of Help Vary by Family Characteristics?

As discussed above, the low-income employed families that were most likely to have child care help were families with income below 100 percent of FPL and single-parent families. Among single-parent families, those with younger children or with some welfare history were most likely to have child care help. Analysis of the different kinds of help explains the variations in the overall receipt of help between the different groups of families.

Families in Poverty versus Families Near Poverty

The overall difference in the incidence of child care help between poor and near-poor families is almost entirely due to a much higher incidence of government/organization help among poor families. Twenty-seven percent of poor employed families with children under 13 received government/organization child care help, compared with 17 percent of near-poor families (table 2). Many government/organization programs focus their resources on the poorest families. Poor families were not significantly more likely to be identified as having help from relatives, and they were only slightly more likely to be identified as having help from other individuals.

Low-Income Single-Parent versus Two-Parent Families

Comparing low-income single-parent families with low-income two-parent families, low-income single-parent families are more likely to receive all types of help except employer help. Among low-income single-parent families that were employed and had children under age 13, at least 18 percent received free child care from a relative, compared with 13 percent of low-income two-parent families. At least 28 percent of low-income single-parent families received help from a government program or another organization, compared with 15 percent for the low-income two-parent families. At least 5 percent of the low-income single-parent families reported help from a nonresident parent, and 3 percent reported help from another individual, compared with just 1 percent of low-income two-parent families reporting each of those types of help.

The difference in receipt of help from a nonresident parent is not surprising since only one-fifth of the low-income two-parent families included children with a nonresident parent.[18] The differences for the other types of help can probably be explained by a combination of factors. First, low-income single parents are poorer. Second, low-income single-parent families may have greater incentive than two-parent families to try to obtain free or subsidized child care, because their incomes are lower and they do not have the option that two-parent families have to arrange work schedules to avoid the use of nonparental care. Third, single-parent families are more likely than two-parent families to have some TANF history and TANF

families are frequently given priority for receipt of CCDF-funded subsidies when the demand for those subsidies exceeds the availability.[19]

Low-Income Single Parents with Younger versus Older Children

Among low-income single-parent families, those with a child under age 5 are more likely than those with only older children to receive some type of help owing to a higher likelihood of receiving government/organization help and help from a nonresident parent. Thirty-eight percent of low-income single parents with a child under age 5 received help paying for child care from a government agency/other organization, compared with 20 percent of low-income single parents whose youngest child is at least 5 years old. The difference is almost entirely due to the fact that low-income single-parent families with younger children have a higher incidence of government/organization help combined with some child care expenses (26 percent, compared with 10 percent for low-income single-parent families with no child under age 5). There was no significant difference in the extent to which low-income single-parent families with younger versus older children had government/organization help and no child care expenses.

The differences in receipt of government/organization help by children's ages are probably due to a several factors. Families with younger children may be more likely to seek government/organization help than families with only school-age children because school-age children need care for fewer hours (if work hours primarily coincide with school hours), and because care for younger children is more labor-intensive and thus generally more expensive even on an hourly basis. Also, depending on the copayment calculation in a particular program and whether or how it is adjusted for part-time care, some families may feel that the copayment required for a school-age child's before- and after-school care is too high and not pursue subsidized care. Further, some programs, such as Head Start and state-funded pre-kindergarten, are directed exclusively at preschool children.

Low-income single parents with a child under 5 are also more likely to explicitly report child care help from a nonresident parent than low-income single-parent families with no young children. Seven percent of low-income single-parent families with children under 5 reported this kind of help, compared with only 2 percent of low-income single parents whose youngest child is 5 or older. To the extent that families with younger children need more child care and more expensive child care, nonresident parents of younger children may be more motivated to provide explicit help with child care bills. Also, in general, noncustodial parental involvement is greatest for young children (Sorensen, Mincy, and Halpern 2000).

However, low-income single parents with a child under 5 are *less* likely than those with no young children to pay no child care expenses at all because of free care provided by a relative. Fourteen percent of low-income single parents with a child under 5 had no child care expenses because of help from a relative (or, in some cases, free care provided by a relative plus free care from another source), compared with 21 percent for low-income single parents whose youngest child is at least 5. Since children who are not yet in school need care for more hours per day

than those who are in school for part of the day, families with children younger than school age may be less able to rely solely on free child care from relatives. Other analysis of NSAF data shows that children age 0 to 3 who were cared for by relatives were in care for fewer hours than children in that age group in other forms of child care (Ehrle, Adams, and Tout 2001).

Low-Income Single Parents with and without Welfare History

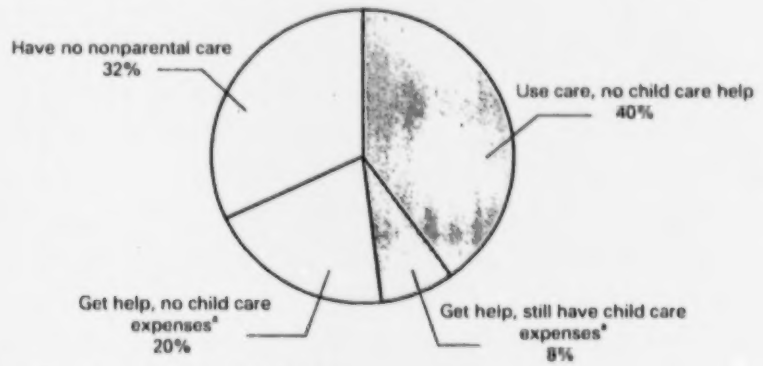
Among low-income single-parent families, the higher incidence of help among those with some welfare history is entirely due to a higher incidence of government/organization help. Thirty-four percent of low-income single-parent families with some cash welfare history received government/organization help, compared with 24 percent of low-income single-parent families that had never received cash welfare. Most of the difference is because a higher percentage of the low-income single-parent families with welfare history had no child care expenses due to government/organization help (14 percent, compared with 8 percent for those with no welfare history). At least three reasons probably account for the differences. First, when more families apply for CCDF-funded subsidies than can be served, TANF recipients often receive priority. Second, in some states, additional resources may be devoted to child care for TANF families directly through the TANF program. Third, current or prior welfare recipients may be more aware of the availability of child care help because of information obtained from caseworkers.

Low-income single-parent families with some welfare history are *less* likely than those with no welfare history to receive help from nonresident parents. Only 3 percent of low-income single-parent families with current or prior welfare receipt received help from a nonresident parent, compared with 6 percent of those with no welfare history. The nonresident parents of the children in families with welfare history may have lower incomes or differ in other ways from the nonresident parents of the children in low-income single-parent families without any welfare history.[20] There was no difference between low-income single-parent families with and without welfare history in the percentage with no child care expenses due to relative help.

What is the Relationship between Getting Help and Paying for Child Care?

So far, this analysis has focused on the families that get help with child care expenses. This section broadens the perspective to include all employed families, to examine the relationship between getting help and paying for child care. Looking at both the incidence of help and the incidence of child care expenses, families can be divided into four groups (figure 2). Approximately 40 percent of families used child care and paid for it with no help.[21] As shown earlier, about 8 percent got help but still had some expenses, and approximately 20 percent used nonparental child care entirely for free. Thus, 48 percent paid for child care (the two groups on the right side of the figure) and 29 percent received some help (the two groups at the bottom of the figure), with 8 percent of the total both paying and getting help. Finally,

Figure 2. Employed Families with Children under Age 13, by Use of Nonparental Care and Presence of Child Care Expenses, 1999



Source: 1999 National Survey of America's Families.

a. Includes families that get non-tax help from government/organization, or help from a relative, a nonresident parent, an employer, or another individual.

32 percent of families paid nothing by avoiding the use of nonparental child care, by either having a parent work only during school hours, having parents work at different times, or allowing older children to care for themselves after school.

Another way of looking at the figure is to consider the incidence of expenses among those with and without help. Almost one-third of the families with child care help had some expenses for child care, compared with more than half of the families with no help.

The relative sizes of the four groups differ for low-income families compared with higher-income families (table 3). As already discussed, low-income families are more likely to receive help with child care. Low-income families are more likely than higher-income families to receive help that allows them to avoid paying any child care expenses (25 percent of low-income families versus 18 percent of higher-income families) and more likely to receive help that still leaves them with some child care expenses (14 percent of low-income families versus 6 percent of higher-income families).

Among the families that do ***not*** receive child care help, low-income families are more likely to avoid child care expenses by not using any nonparental care. While the majority of higher-income families without child care help nevertheless use and pay for child care (45 percent of all higher-income employed families with a child under age 13, compared with 31 percent that have no help and use no child care), less than half of low-income families without any help had child care expenses (28 percent of low-income families compared with 33 percent with no help and no nonparental care). Low-income families have greater incentive to avoid the use of nonparental child care when they cannot obtain it at no charge or obtain help in paying for it.

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Table 3. Employed Families with Children under Age 13, by Use of Nonparental Child Care and Presence of Child Care Expenses, All Families and by Income, 1999 (percent)

	All Families	By Income	
		Low-Income Families[a]	Higher-Income Families
Families That Get Help[b]			
Family has no expenses	20	25	18
Family has some expenses	8	14	6
Total	29	39	24
Families with No Help			
Family uses no nonparental care	32	33	31
Family uses and pays for full cost of care	40	28	45
Total	71	61	76
Families That Do Not Pay for Care	52	58	49
Families That Pay for Care	48	42	51

Source: 1999 National Survey of America's Families

Notes: Percentages in subcategories do not add to total because of rounding and a minimal amount of overlap between some categories. Bold indicates significant difference between low- and higher-income families at .10 level.

a. Families with income below 200 percent of the federal poverty level.

b. Families that get non-tax help from a government/organization or help from a relative, a nonresident parent, an employer, or another individual. Because the NSAF cannot identify families that paid for some child care arrangements but did not pay for others, some families may not be counted in these estimates.

Counting both families with and without child care help, a smaller portion of low-income families than higher-income families has child care expenses. Forty-two percent of low-income families paid for child care (the 14 percent who got help and paid plus the 28 percent who did not get help and paid), compared with 51 percent of higher-income families (the 6 percent who get help and pay plus the 45 percent who do not get help and pay). The low-income families with the lowest incomes—under 100 percent of FPL—are about as likely to have child care expenses as the entire group under 200 percent of FPL; 38 percent of poor employed families with a child under age 13 had child care expenses.

At Current Levels of Help, How Much Do Families Pay for Child Care?

Considering just the 48 percent of families that paid for child care—those with and without help—the average expense in 1999 was $303 per month, an average of 9 percent of the parents' earnings[22] (figure 3). Considering all families, including those with no expenses, the average child care expense was $146.

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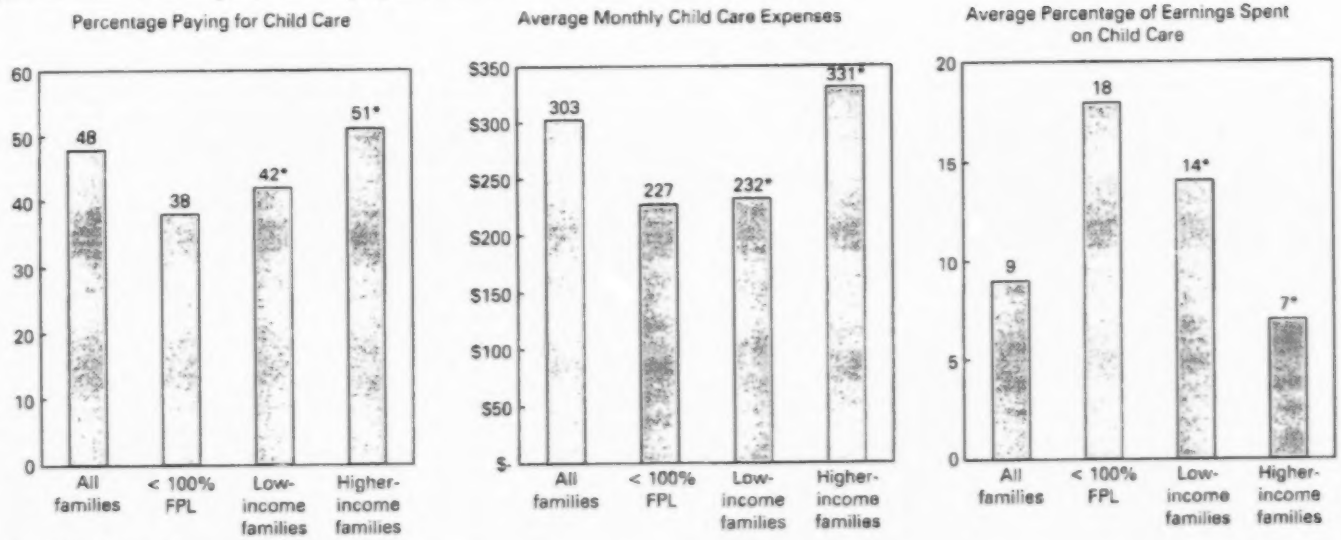
Figure 3. Child Care Expenses of Employed Families with Children under Age 13, 1999



Source: 1999 National Survey of America's Families.

Note: Low-income families are those with incomes below 200 percent of the federal poverty level.

FPL = federal poverty level

* = difference between low- and higher-income families is statistically significant at .10 level.

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Three points are important to note about these averages. First, they are based on what families reported paying, which may be less than the total cost of child care for families that get some type of help. In other words, in the absence of child care help (and assuming no change in child care arrangements) these averages would be higher. Second, the overall averages include all kinds of families—those with only one child or several children, with young children or older children, and with different family structures and incomes—and include families with all kinds of child care arrangements—family day care homes, child care centers, nannies, and so on. (As described in Shulman [2000], full-time care for a preschooler in a child care center costs on average $4,000 to $6,000 per year. If all families paid that amount, the average would be about $400 per month per child.) Third, the estimates of the percentage of families paying for child care, the average expense, and the average percentage of earnings consumed by child care expenses are virtually unchanged from the estimates for 1997 reported in Giannarelli and Barsimantov (2000).[23]

Low-income families that pay for child care have a lower monthly child care bill, on average, but it amounts to a much higher percentage of their earnings than is the case for higher-income families. Among the 42 percent of low-income families that paid for child care, the average monthly expense was $232, an average of 14 percent of their earnings. Among the 51 percent of higher-income families that paid for child care, the average monthly expense was $331, only 7 percent of their earnings on average. The low-income families under the poverty level paid an even larger share of their earnings for child care. Among the 38 percent of poor families with child care expenses, the average expense was $227, an average of 18 percent of parental earnings.[24] (Note that these estimates for poor families are not significantly different from estimates for 1997 when consistent methodology is applied to both years' data.[25])

The average child care expenses almost certainly mask differences between families that did and did not receive some sort of help. Even when a family still has some child care expenses, getting help allows the family to spend less for a particular type and amount of child care than the family would pay for that care without the help. However, that does not necessarily mean that the average child care expenses of assisted families that still pay for child care will be less than the average expenses of unassisted families that pay for child care, because the two groups might use different types or amounts of child care.[26]

In fact, low-income families with some sort of help seemed to use more hours of child care and more center-based care. Among children under age 5 in low-income families that paid for child care and reported some sort of help, 58 percent were in center-based care, compared with 30 percent of the low-income children under age 5 whose parents paid for child care but did not receive any help.[27] Center-based care is typically more expensive than other sorts of arrangements, such as family day care homes. Further, the children under 5 whose parents received help and paid for care were in care for more hours than the children whose families did not receive any help (31 hours compared with 26 hours). The parents who needed more care or who preferred center-based care might have been more likely to apply for subsidies; or, the availability of child care help might have allowed some parents to

choose center-based care who would otherwise have chosen less expensive types of care, or allowed some parents to increase their hours of work.

Simple comparisons of average expenses for low-income families with and without help suggest lower expenses for the families that have help, despite the fact that they seem to be purchasing more center-based care and more hours of care. For instance, among low-income families with children under age 5 who pay for child care, those receiving government/organization help paid an average of $208, compared with $257 among those not receiving any help. (These amounts are not shown in a table.) However, the interrelationships between family characteristics, type of care, child care help, and payment for care are difficult to disentangle. The 2002 NSAF data will include information on child care help and child care expenses for each focal child; combined with information on child care arrangements, that will provide an answer to the obvious question—the extent to which families with help pay less for the same type and amount of care.

Does the Incidence of Child Care Help Change from 1997 to 1999?

The period between the 1997 and 1999 NSAFs saw major demographic and economic changes, including declining welfare caseloads, increasing labor force participation among single parents, and economic expansion. Recognizing the importance of child care as a work support for former welfare recipients and other low-income families, the federal government increased funding for at least some types of child care subsidies. For instance, subsidy programs funded by the CCDF block grant served an average of 1.65 million children each month during fiscal year 1999, up from 1.25 million in fiscal year 1997 (Department of Health and Human Services 2002). In the 16 states whose expenditures were examined by the National Study of Child Care for Low-Income Families, total federal and state child care spending increased by at least 17 percent between 1997 and 1999; spending increased by more than 100 percent in 5 of the study states (Collins et al. 2000). Because of all those changes, changes in the percentage of families getting help with child care expenses—particularly help from government/organization sources—might also be expected. (National-level changes are discussed here. See appendix A for state-level changes.)

National-level Change in the Incidence of Government/Organization Assistance

Despite increased government funding, the NSAF data do not show a significant national-level increase in the *percentage* of families with government/organization assistance (see table A1 in appendix A). However, the data do show an increase of almost 9 percent in the *number* of families with government/organization assistance. The reason that the increase in the *number* of families with government/organization assistance did not translate into a statistically significant *percentage*

increase is that the number of employed families with children also increased between the two years, by almost 6 percent as measured in the NSAF.

While we might expect the increase in the number of families with government/organization assistance to be concentrated among low-income families, that was not the case as measured by the NSAF data. It is possible that increases in government assistance for low-income families were obscured by a lack of change or a countervailing change in the incidence of assistance for low-income families through other types of organizations. Another factor is that the estimates of government/organization assistance are all minimums due to underreporting, and the survey could have captured a lower percentage of the total government/organization aid to low-income families in 1999 than in 1997. (For instance, the survey picks up only a portion of the help from pre-kindergarten programs, which became more prevalent between 1997 and 1999.)

National-level Change in the Incidence of Free Care Provided by Relatives

The two NSAFs do not capture an overall change in the incidence of free child care due to help from relatives. (An estimated 13 percent of families received this help in 1997, not significantly different from the 14 percent estimated for 1999.) However, there was an increase among low-income families in the incidence of that type of help. The percentage of low-income families with no child care expenses due to help from relatives increased from 13 percent in 1997 to 16 percent in 1999. The increase could be due to a number of factors: changes in the costs or availability of other types of care, changes in the preferences of employed low-income families, changes in the child care needs of employed low-income families, and changes in the availability or willingness of relatives to provide this kind of child care. One possible change in child care needs is that in 1999, the universe of employed families included many more single mothers and former welfare recipients, who were more likely to work nights or weekends when child care in centers and family day care homes is difficult to arrange. Because of the complex and interrelated factors that may affect the incidence of free care from relatives, the measured increase in this type of help may or may not persist. (This will be a topic for our analysis of the 2002 NSAF data.)

Summary and Conclusions

At least 29 percent of all employed families with children under age 13 get help with child care expenses. The assistance enables them to avoid all child care expenses, lower their child care expenses, or purchase more or different care than would otherwise be possible. At least half of low-income single-parent families receive help, along with at least a third of low-income two-parent families and a quarter of higher-income families. Child care help comes from relatives, the government, nonresident parents, employers, and other individuals and organizations.

One of the two major components of child care help is the free child care provided by relatives. About one in seven employed families with children under age 13 paid nothing for nonparental child care because a relative provided child care for free. Among low-income families, there was an increase in the incidence of this kind of help between 1997 and 1999, with 13 percent of families having this assistance in 1997 compared with 16 percent in 1999. Either by choice or necessity, a large number of families rely on free child care provided by relatives rather than using other types of child care and/or other types of assistance. That care is not really "free." While in many cases this arrangement might be the first choice of both the parents and the caregiver, there are certainly some cases where parents would prefer formal care if they could afford it, or where the relative would prefer to be in the paid workforce.

The other major source of child care help is aid from the government and other organizations. One-fifth of low-income families and two-fifths of low-income single-parent families with young children received this kind of help. Although governmental resources devoted to child care subsidies increased from 1997 to 1999, the national-level percentage of employed families with any kind of government/organization assistance did not increase between the two years as measured by the NSAF.

The various forms of child care help provide enormous financial benefits to the families that receive that help. One-fifth of all families used nonparental child care without having to pay for it, thanks to some sort of child care help. When compared with unassisted families that used and paid fully for child care, low-income families that received government/organization help seemed to pay less, on average, while purchasing more hours of care and more center-based care.

Despite the substantial amount of help provided by relatives, the government, and other organizations, child care remains a major expense for many families, and particularly for low-income families. Most low-income employed families receive no help with child care, and four in ten low-income employed families pay for child care. Among those who pay for child care, the expense amounts to an average of 14 percent of earnings, rising to 18 percent for families below the poverty level.

Among the low-income employed families that do not receive child care help, some are undoubtedly happy with their child care arrangements and did not try to find help for that reason. However, for other families, receiving help could either lower their costs for the type and amount of care already being used or make it feasible to use child care arrangements that were formerly out of reach financially. With waiting lists for government subsidies in many states and localities, there is some evidence that more low-income families would use assistance if more were available. Increases in the availability of assistance could allow parents more choice in determining how much and when to work, give parents access to a broader range of child care options, and reduce the financial burden of child care.

Notes

1. The NSAF focal states are Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin.

2. The 1997 survey interviewed 44,000 households, and the 1999 survey interviewed 42,000 households. Each year's sample is representative of the noninstitutionalized civilian population of persons under age 65 in the nation as a whole and in the selected states. For more on NSAF survey methods, see Kenney et al. (1999).

3. The respondent for a particular family was the most knowledgeable adult (MKA) concerning the children selected as focal children. The mother of the child was the respondent (MKA) for 74 percent of the focal children in the 1997 NSAF survey and 72 percent of the children in the 1999 survey. In most families with an employed MKA (89 percent of these families in 1997; 90 percent in 1999) that person was either an unmarried parent or had a spouse/partner who was also employed.

4. The non-summer survey responses have been reweighted to represent the socioeconomic and geographic characteristics of all respondents.

5. Three additional technical points should be noted concerning the sample for this analysis. First, we did not include respondents who were in school or looking for work, although they were also asked about child care expenses. Second, a small number of families were excluded where the respondent was under age 18 or over age 64. Third, in some surveyed households, there was more than one respondent. In most of these cases, the two respondents were in separate subfamilies (by Bureau of the Census definitions) and we treated each respondent as providing information about a different family. In some cases, the two respondents were spouses or unmarried partners who were both questioned because each was most knowledgeable about a different child; those couples' responses concerning child care were combined and treated as a single observation for this analysis.

6. A very small number of respondents volunteered in their responses that a tax credit or flexible spending account helped them pay for child care. Those responses were not counted as getting help with child care in this analysis.

7. A third round of the NSAF was conducted in 2002. The child care portion of the survey was redesigned for this round to better elicit cases where parents combine free and paid care, and obtain explicit reasons for entirely free care so those reasons do not have to be inferred.

8. The income used for this categorization is the total cash income of the "social family" in the calendar year before the survey. The NSAF concept of "social family" includes all relatives plus unmarried partners. In 1998, the poverty threshold for a family of four with two children was $16,530. Some families had major changes in earnings between the calendar year and the survey, so they might have been low-income in the calendar year but not at the time of the survey, or vice versa.

9. Here and throughout this paper, a difference in results between groups is discussed in the text only if it is statistically significant at the 10 percent level. For those results, we are 90 percent sure that the difference is present in the entire population, not just in the survey sample.

10. A total of 6.2 million tax units claimed the child care tax credit on their 1999 federal income tax returns (Campbell and Parisi 2001), reducing their tax bills by a total of $2.7 billion. Gentry and Hagy (1995) analyzed 1989 tax returns with dependent children (of any age) and found 15.7 percent claimed the child care tax credit. The percentage rose steadily from 2.8 percent for those with adjusted gross income (AGI) in the range $7,500–$10,000 to 18.6 percent for the range $17,500–$20,000, and fluctuated between 18.6 percent and 21.6 percent through AGI of $100,000. The percentage then declined for AGI above $100,000. There were no claimants of the credit below AGI of $7,500 because the credit is nonrefundable. Gentry and Hagy also analyzed families with at least one child under age 13 in the National Child Care Survey, conducted in 1990. The percentage of families reporting taking the child care tax credit in 1989 was highest in the income range from $45,000 to $100,000. Only 1.6 percent of the families reported using a flexible spending account to defray child care costs; none of the families with incomes below $20,000 used such an account, but more than 5 percent of families with incomes from $50,000 to $150,000 used these accounts in 1989.

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11. Single parent families are those where the family head has no spouse or partner in the household. Some of the families we classify as single-parent are in fact headed by a single grandparent or other single relative. Note that unmarried family heads with a partner in the household are classified as two-parent families.

12. The supporting tables are not included in the paper.

13. There were only 18 respondents who paid nothing for child care, reported help from a relative, and reported using nonparental care from a source other than a relative, indicating that the relative paid for all of the care but did not provide it herself. These cases are included in the group with no child care expenses and help from a relative. However, even excluding these cases, the percentage of families in this cell remains 14.

14. Child care by relatives is the primary child care arrangement for 27 percent of preschoolers with employed mothers and 23 percent of school-age children with employed mothers (Sonenstein et al. 2002). Many of the families of these children are not included in the 14 percent estimate because the families had some child care expenses. Some of these families may have paid for another child care arrangement, and others may have made a payment to the relative. Relatives do not always provide child care for free. Among families whose only children under age 13 are focal children (so we know we are capturing all of the family's child care arrangements), who reported child care from relatives, and who reported no other type of nonparental care, 36 percent reported paying for child care. The average monthly expense was $240.

15. This count is based on our review of the states' October 1999 State Plans for CCDF. If a state has higher limits for continuing eligibility than for initial eligibility, this count uses the higher limit.

16. The underestimate of government/organization help is probably concentrated among families that have some child care expenses. Thus, without the underestimate, it may be likely that more than half of families with government/organization help also had some child care expenses.

17. The percentages of school-age children of employed parents whose primary child care arrangement was a relative were 58 percent for children in low-income two-parent families, 43 percent for those in high-income two-parent families, 27 percent for low-income single-parent families, and 19 percent for high-income single-parent families. (The differences were not large for preschool children.) Some families might make a payment to the relative caring for their children, and many others use arrangements other than relative care for the same child or a different child, which minimizes the impact of these differences on the percentage of families with relative help and no child care expenses.

18. Two-parent families include families where one spouse or unmarried parent is not the biological or adoptive parent of any of the children, or is the biological/adoptive parent of some but not all of the children. This group also includes some cases of married couples that are caretakers for children who are not their biological/adopted children (such as married grandparents taking care of their grandchildren). Twenty-one percent of low-income two-parent families included at least one focal child with an absent parent, compared with 92 percent of low-income single-parent families. If a focal child did not have two biological or adoptive parents in the household, the respondent was asked whether the focal child had a biological or adoptive parent living elsewhere.

19. This information is based on Urban Institute review of the CCDF State Plans.

20. For instance, "The Employment and Earnings of Nonresident Fathers in Wisconsin," by Marcia Cancian and Robert Haveman, shows that nonresident fathers with children on welfare in Wisconsin are very poor. In "W-2 Child Support Demonstration Evaluation Phase I: Final Report. Vol. II," edited by Daniel R. Meyer and Maria Cancian.

21. The percentage of unassisted families using and paying for nonparental care is based on the family's focal child or children—the one or two children about whom many detailed questions are asked, including questions about child care arrangements. One focal child is randomly selected from among those under age 6, and another from among those age 6 to 12. If nonparental care is not used for a focal child, but is used for a non-focal child, the family will be erroneously categorized as not using any nonparental care. This potential problem is corrected in the 2002 NSAF.

22. For each family, the percentage of earnings spent on child care is calculated using the monthly earnings of the respondent and her/his spouse/partner (if the spouse/partner lives in the same household). The average percentage of earnings is the weighted average of the percentages calculated for the individual families—either for all families or for the families in a particular subgroup. Some extreme values were

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excluded from the average. Some analyses compute expenses as a percentage of earnings or income on an aggregate basis, which produces a different result than the micro-level approach used here.

23. Appendix A gives both 1997 and 1999 data on the percentage of families paying for child care, the average monthly expense among those paying, and the average expense as a percentage of earnings, by state and for low-income and higher-income families. The 1997 data in the appendix differ slightly from the 1997 estimates in Giannarelli and Barsimantov (2000), for two reasons. First, we made refinements in our data editing procedures, with slight effects on the overall estimates. Second, this analysis divides families by low versus higher *income* level (in the calendar year preceding the survey), while the prior analysis divided families by low versus higher *earnings* level (in the survey month). On these three measures (percentage paying, average expense, and average percent of earnings), none of the national-level changes between the 1999 estimates and the revised 1997 estimates is statistically significant, either for all families or for low-income or higher-income families.

24. Including families that do not pay for child care as well as those that do, the average child care expenses are $87 per month for poor families (under 100 percent of FPL), $97 per month for low-income families (all those under 200 percent of FPL, including the poor families), and $169 per month for higher-income families.

25. In Giannarelli and Barsimantov (2000), we reported that in 1997, among employed families with children under 13 and with *current parental earnings* under the poverty level, child care expenses averaged 23 percent of earnings. When we re-examine the 1997 data for families with the *prior year's annual family income* less than the poverty level, and when we apply data editing procedures consistent with the current methods, we find that in 1997, poor families paid an average of 19 percent of earnings to purchase child care. The difference between the 19 percent estimate for 1997 and the 18 percent estimate for 1999 is not statistically significant.

26. The possibility that recipients of subsidies might make different expenditure decisions than unsubsidized families is not restricted to the area of child care. Crews (1996) examines improvements in housing among low-income subsidized households, and shows that recipients of housing subsidies do not necessarily pay less for housing than nonrecipients.

27. The NSAF surveys collected data on child care arrangements for one or two focal children per family, rather than for all children in the family. Therefore, it is not possible to know all the types of child care and all the hours of child care used by a particular family. These statistics are based on focal children under age 5.

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Assessing the New Federalism

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Appendix A
State-Level Results

Since much child care policy is made at the state and even local levels, examining whether national-level statistics on child care vary at the state level is also important. The NSAF allows individual examination of 13 states—Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. (For Colorado, comparable data on child care help and child care expenses are available only for 1999.[1])

Other analyses of NSAF data have found cross-state differences in child care arrangements (Capizzano, Adams, and Sonenstein 2000; Sonenstein et al. 2002). The 1997 NSAF data showed large variations in average child care expenses across the states when expenses were measured in dollar terms, but much less variation when expenses were measured as a percentage of family earnings (Giannarelli and Barsimantov 2000). States might have differences in child care arrangements and child care expenses because of differences in their child care markets, populations, and policies.

This appendix examines state-level data on four topics. The first section describes the cross-state variation in the incidence of child care help in 1999, overall and for the two most common types of help. The second section describes the state-level differences in the percentages of families paying for child care in 1999 and in the average amounts of child care expense. State-level changes in the incidence of help between 1997 and 1999 are examined in the third section, and changes in the incidence and amount of child care expenses are presented in the fourth section. A final section briefly sums up the state findings.

In examining the various state-level results, it is particularly important to keep in mind that there is a margin of error associated with each estimate. The same is true of the national-level estimates, of course, but since the state estimates are based on smaller sample sizes, the margins of error may be larger. While each figure in the table is our best estimate of the actual number or percentage, the true figure might be somewhat higher or lower. (In statistical terms, there is a "confidence interval" around the estimate.[2]) Statistical techniques allow us to identify when a particular state's figure is significantly higher or lower than the national average, or whether there was a significant change between one year and another, and we only discuss those differences that are statistically significant. Nevertheless, the actual magnitude of a difference may be somewhat larger or smaller than suggested by our estimates.

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Is Child Care Help More or Less Likely in Particular States?

The NSAF data show relatively little variation in the degree to which families in different states get help with child care expenses (table A1). We examine separately the two most prevalent types of child care help: government/organization help (including help to families with and without child care expenses) and child care help from relatives that allows families to pay no child care expenses. A few states seem to have higher-than-average or lower-than-average percentages of families getting help, with different states showing up as significantly higher or lower than the national average depending on the type of assistance and whether the focus is on low-income or higher-income families.

State Variation in Government/Organization Help

In the case of government/organization assistance, several states stand out:

- The percentage of low-income families with government/organization assistance in 1999 is higher than the 21 percent national average in Massachusetts (estimated at 28 percent) and lower than the national average in Mississippi (15 percent).
- The percentage of higher-income families with government/organization assistance in 1999 is higher than the 8 percent national average in California and New York (12 percent and 11 percent, respectively), and lower than the national average in Alabama, Colorado, Minnesota, and Wisconsin (5 or 6 percent).

Two substantive issues complicate the interpretation of cross-state differences in the incidence of government/organization assistance. First, government/organization help is almost certainly underidentified in the survey, and variations in how subsidy programs operate might lead to more or less underreporting in different states. For instance, among subsidized families that make a copayment, those that are responsible for paying the remainder of the cost with a voucher may be more aware of the assistance and thus more likely to report the assistance than families that are in programs that pay the remainder directly to the provider.

The second complicating factor is that there are many different types of government/organization assistance, including subsidies funded by the federal government's Child Care and Development Fund (CCDF), subsidies provided through the TANF system, state-funded programs, sliding fee scales used by nonprofit or for-profit child care centers, and programs funded through private donations to the United Way, churches, or other organizations. Thus, two states may have the same overall incidence of government/organization assistance but different underlying levels of CCDF-funded assistance versus other government-funded assistance versus assistance from other organizations. Conversely, two states may have the same level of one type of assistance—such as CCDF—but different levels of other assistance, and thus have different overall percentages of families with government/organization aid. For instance,

Table A1. Percentage of Employed Families with Children under Age 13 That Get Different Kinds of Help with Child Care and Data on Child Care Expenses, by Income, 1997 and 1999

	US		AL		CA		CO		FL		MA		MI		MN		MS		NJ		NY		TX		WA		WI	
	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99
Families with Any Form of Child Care Help[a]																												
All families	28	29	24	29*	27	32*	**21**	28	**32**	25	27	28	28	16	**20***	29	31	27	29	28	29	23	30*	24	28	24	**23**	
Low-income[b]	37	39	33	39	40	37	**33**	39	44	45	**47**	43	45	32	40*	38	41	38	41	38	40	32	40*	39	41	34	34	
Higher-income	23	24	18	24*	19	**30***	**17**	22	24	20	21	22	20	12	**14**	21	23	25	25	24	23	17	22*	19	22	20	**19**	
Percentage of Families with Child Care Help, by Type of Help																												
Percentage of Families with Help from Government or Other Organization (Minimum Estimate)[c]																												
All families	12	12	9	10	13	**15**	**9**	14	**15**	12	12	12	12	7	**10**	12	10	11	12	14	**16**	9	13*	9	11	10	**9**	
Low-income	21	21	15	19	25	22	20	22	22	30	**28**	24	24	19	24	24	**15***	24	26	24	25	16	20	19	25	17	20	
Higher-income	7	8	5	**6**	5	**12***	**5**	9	11	7	7	6	8	3	**6***	2	6*	7	9	10	**11**	5	8	5	6	7	**6**	
Percentage of Families with Help from Relatives and No Child Care Expenses (Minimum Estimate)[d]																												
All families	13	14	13	**17***	11	13	**8**	11	13	10	14*	14	13	6	**8**	16	17	14	14	12	12	11	15*	10	**11**	12	13	
Low-income	13	16*	17	17	11	**10**	**10**	12	17*	13	17	14	16	9	12	17	20	11	15	10	14	16	18	13	14	14	14	
Higher-income	13	14	11	17*	11	14	**8**	10	**10**	9	13*	14	12	5	**6**	15	14	15	14	12	11	8	13*	9	**10**	11	12	
Percentage of Families Paying for Child Care																												
All families	50	48	55	**53**	50	46	**53**	56	51*	52	48	49	48	55	**58**	53	51	49	49	49	48	48	50	48	46	49	46	
Low-income	44	42	44	49	44	**35**	48	50	46	43	42	43	42	47	47	52	46	46	45	47	43	37	46*	37	42	41	41	
Higher-income	52	51	61	**56**	54	52	**56**	60	55	54	50	51	51	58	**61**	54	54	50	50	50	51	56	53	52	48	52	48	

(*Continued*)

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Table A1. Percentage of Employed Families with Children under Age 13 That Get Different Kinds of Help with Child Care and Data on Child Care Expenses, by Income, 1997 and 1999 (*Continued*)

	US		AL		CA		CO		FL		MA		MI		MN		MS		NJ		NY		TX		WA		WI	
	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99	97	99
Average Monthly Expenditures among Those Who Pay for Care ($)																												
All families	296	303	249	**244**	355	**330**		**330**	248	288*	383	**395**	296	325	329	**361***	217	**221**	375	**417**	345	**348**	278	282	311	316	290	297
Low-income	218	232	187	**163***	263	241		241	197	235*	264	240	252	**287**	248	268	167	**181**	251	**294**	288	242	217	203	253	212	243	**260**
Higher-income	329	331	277	**284**	403	358		360	273	316*	407	**432**	312	338	350	**382**	256	**249**	406	**445**	370	**399**	304	332	326	351	306	**308**
Average Percentage of Earnings Spent on Child Care among Those Who Pay[e]																												
All families	10	9	10	10	11	9*		9	9	9	11	9*	11	**11**	9	9	9	9	9	10	12	10	9	10	9	8	10	9
Low-income	15	14	16	14	18	13*		13	15	13	19	15	19	16	16	14	13	14	17	17	22	15*	13	13	17	12	19	16*
Higher-income	7	7	7	8	7	8		8	7	7	9	8*	7	**9**	7	7	7	7	8	**8**	7	8	7	7	7	7	7	7

Source: 1997 and 1999 National Survey of America's Families.

Notes: The estimates for 1997 shown in this table differ from the 1997 estimates in Giannarelli and Barsimantov (2000), for two reasons. First, we made refinements in our data-editing procedures, with slight effects on the overall estimates. Second, this analysis divides families by low versus higher income level (in the prior calendar year), while the prior analysis divided families by low versus higher earnings level (in the survey month). The basic conclusions are unchanged by the changes in the point estimates. Bold indicates significant difference between 1999 state estimate and 1999 national estimate at .10 level.

* = difference between 1997 and 1999 significant at .10 level.

a. Families that get help from a relative, a government/organization, a nonresident parent, an employer, or another individual. Since the NSAF cannot identify families that use and do not report free child care as one arrangement but pay for another, these estimates are minimum estimates.

b. Families with incomes below 200 percent of the federal poverty level.

c. Families that reported that they paid less for child care due to their income, families that reported assistance from welfare or social services, and families that reported assistance from any other source other than an individual or employer. Also includes families whose children were cared for by child care centers, Head Start, or before- and after-school programs, that paid nothing for their child care, and that did not report any kind of child care help.

d. Families that used relatives as child care providers, paid nothing for child care, and did not report any kind of child care help.

e. For each family, the percentage equals the family's child care expenses divided by the sum of the MKA's earnings plus the earnings of the MKA's spouse or partner. The estimates in the table are the averages of the individual percentages.

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neither Massachusetts nor Mississippi seems to serve a particularly high or low percentage of lower-income children through CCDF (U.S. Department of Health and Human Services 2000[3]), but those two states stand out in this analysis as having a higher-than-average (Massachusetts) or lower-than-average (Mississippi) percentage of low-income families receiving government/organization assistance. At least part of the explanation could lie in the incidence of government/organization assistance other than CCDF. Massachusetts, for example, invests more state funds in child care and pre-kindergarten than many other states.

State Variation in Help from Relatives That Allows Families to Pay No Child Care Expenses

In the case of help from relatives, we focus on help from relatives that allows families to pay no child care expenses at all because all child care is provided by the relative or by the relative plus some other source. (As discussed, the survey does not identify most cases of relative help in families that still pay some child care expenses for another arrangement.) The state results show the following:

- The percentage of low-income families with relative help and no expenses is lower than the national average of 16 percent in California and Colorado (at 10 percent). There are no states where the percentage of low-income families with relative help and no expenses is significantly higher than the national average.
- The percentage of higher-income families with relative help and no expenses is lower than the national average of 14 percent in Colorado, Florida, Minnesota, and Washington (between 6 and 10 percent). There are no states where the percentage of higher-income families with relative help and no expenses is significantly higher than the national average.

The results for free care due to help from a relative are more straightforward to interpret, since only one kind of assistance is included. States could vary in the incidence of free relative care because of differences in parental preferences for relative care, the costs or availability of other kinds of child care, the child care needs of employed families, or the availability or willingness of relatives to provide this kind of child care.

Does the Incidence and Amount of Child Care Expenses Vary across the States?

As in the earlier analysis of NSAF data on child care expenses, there is relatively little cross-state variation in the percentage of families paying for child care. There are large cross-state differences in the average amount of child care expense among families paying for child care when those expenses are measured in dollar terms, but very little variation when expenses are measured as a percentage of earnings. A few states stand out, as follows:

Percentage of Families Paying for Child Care

- Alabama, Colorado, and Minnesota had higher-than-average percentages of families paying for child care in 1999. The percentages are 53 percent in Alabama and Colorado and 58 percent in Minnesota, compared with the 48 percent national average.
- In California, 35 percent of low-income families paid for child care in 1999, a share significantly lower than the national average of 42 percent for low-income families.

Average Expenses in Dollar Terms

- Among families paying for child care, average monthly expenses were lower than average in Alabama and Mississippi, for both low-income and higher-income families.
- Among low-income families paying for child care, average expenses were significantly higher than average in Michigan, New Jersey, and Wisconsin. Among higher-income families paying for child care, average expenses were significantly higher than average in Massachusetts, Minnesota, New Jersey, and New York, and significantly lower than average in Wisconsin.

Average Expenses as a Percentage of Earnings

- There were no states where the percentage of earnings paid for child care by low-income families was significantly higher or lower than the national average of 14 percent.
- In two states—Michigan and New Jersey—higher-income families paid a slightly higher percentage of earnings for child care, on average, than did higher-income families nationwide.

There is much less variation in expenses when measured as a percentage of earnings because average earnings also vary across the states. When average child care expenses are high in a state that also has high average earnings, the average expense may not be particularly high when measured as a percentage of family earnings.

Did the Incidence of Child Care Help Change between 1997 and 1999 in Any States?

For most of the NSAF focal states, there were no statistically significant changes in the percentage of families getting child care help between 1997 and 1999.[4] However, changes were measured in some states. The presence and estimated magnitude of change depends on whether all assistance or just one type of assistance is examined, and whether the focus is on all families, low-income, or higher-income fam-

ilies. As discussed earlier, it is particularly important in examining the state data to keep in mind that the actual figure for a particular state may be higher or lower than our best estimate. Thus, even when we are confident about the *presence* of a state-level change between the two years, the actual *magnitude* of the change may be higher or lower than suggested by the estimates.

The survey captured changes in government/organization assistance in four of the focal states, as follows:

- In Texas, the estimated percentage of families with government/organization aid increased.
- In Mississippi, the estimated percentage of higher-income families with government/organization assistance increased, but the percentage among low-income families decreased.
- California and Minnesota also had increases in the percentages of higher-income families with government/organization aid.

As mentioned in the national-level discussion, interpreting these changes is complicated by the possibility of changes in underreporting over time and changes in the numerous types of assistance captured in this category. For purposes of determining changes in the numbers of families served by government programs alone, the best sources of information are the administrative data systems of those programs.

The survey also captured changes in four states in the percentage of families with help from relatives and no child care expenses.

- In Florida, the estimated percentage of low-income families with entirely free care due to help from relatives increased.
- In Alabama, Massachusetts, and Texas, the percentage of higher-income families with entirely free care due to help from relatives increased.

Considering all types of assistance and all types of families, the measured incidence of child care help increased in four states—Alabama, California, Minnesota, and Texas. The largest increase was in Texas, where the share of families getting any kind of child care help increased from 23 percent in 1997 to 30 percent in 1999, apparently owing to increases in both government/organization assistance and free care from relatives.

Did Child Care Expenses Change between 1997 and 1999?

The NSAF captured relatively few changes in state-level child care expenses between 1997 and 1999.[5] The changes that were statistically significant were:

- In Florida, the percentage of families paying for child care decreased. In Texas, the percentage of low-income families paying for child care increased.
- Among families paying for child care, average expenses increased in Florida and in Minnesota. Average expenses decreased for low-income families in Alabama.
- Measured as a percentage of earnings, average expenses among families paying for child care decreased for low-income families in California, New York, and Wisconsin, and for higher-income families in Massachusetts.

In some cases, the change in child care expenses between the two years seems to be at least partly explained by the change in child care help. For instance, in Florida, the percentage of low-income families with free child care from relatives increased, and the percentage of families paying for child care decreased. In other cases, the changes seem more complex. In Texas, for example, despite an increase in the percentage of families with child care help, the percentage of low-income families paying for child care increased.

Summary

With a few exceptions, there is relatively little variation in either child care help or child care expenses in the states that can be examined separately in the NSAF data. There was also relatively little state-level change between 1997 and 1999, although again, there were some exceptions. The cross-state and cross-year differences that are observed could be caused by any one or more of numerous factors, including differences in state policies, differences in child care markets, and differences in state populations.

Notes

1. In 1997, a very high percentage of the Colorado sample was interviewed in the summer. This analysis uses only non-summer responses, reweighting the non-summer sample to represent the entire population. For most states, there was a sufficient non-summer sample to allow analysis of the 1997 data, but that was not the case for Colorado.

2. Sample sizes and standard errors (allowing calculation of confidence intervals) are available from the authors.

3. The HHS estimates were calculated by dividing the average monthly numbers of children served in each state by CCDF-funded subsidies (according to administrative data provided by the states) by the estimated numbers of children with parents who were working or in school, and with family incomes less than 85 percent of state median income (adjusted for family size). The numerator does *not* include children served by government programs other than CCDF. The denominator is an estimate produced by a microsimulation model (the Urban Institute's TRIM3 model) using data from the March 1996, 1997, and 1998 Current Population Survey files.

4. For Colorado, we show child care data for 1999 but not 1997. See note 1.

5. The estimates for 1997 shown in table A1 differ from the 1997 estimates in Giannarelli and Barsimantov (2000). There are two reasons. First, we made refinements in our data-editing procedures, with slight effects on the overall estimates. Second, this analysis divides families by low versus higher *income* level (in the prior calendar year), while the prior analysis divided families by low versus higher *earnings* level (in the survey month).

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Appendix B
Identifying and Categorizing Child Care Help

This appendix provides more details about the methods used to identify and categorize child care help.

The Universe for the Questions on Child Care Expenses and Help

Respondents were asked questions about child care expenses and help only if certain conditions were met in their answers to questions about child care arrangements. Thus, those questions are indirectly relevant to our methodology.

Families with children under age 13 were asked detailed questions about child care arrangements for up to two "focal" children. One focal child was randomly selected from a family's children under age 6 (if any) and another child was randomly selected from a family's children age 6 to 12 (if any). A respondent with a focal child under age 6 was asked if that child regularly spent time in any of the following settings: a Head Start program; a day care, nursery school, preschool, or pre-kindergarten program; child care or babysitting in the respondent's home; and child care or babysitting in someone else's home. For focal children age 6 to 12, the respondent was asked about the use of before- and after-school care programs; child care or babysitting in the respondent's home; and child care or babysitting in someone else's home.

Respondents who reported any type of arrangement for any focal child were asked if the child spent time in that setting while the respondent worked, looked for a job, or was in school. If the respondent reported using any type of arrangement for purposes of work, looking for a job, or going to school, family-level questions about child care expenses and help were then asked (following the questions on arrangements for focal child 2, if there was a focal child 2).

This paper analyzes only the respondents who used a child care arrangement for purposes of work, excluding those who reported using a child care arrangement solely for looking for work or for going to school.

The Questions on Child Care Expenses and Help

The exact questions on child care expenses and help were as follows:

1. *"How much did you pay for all child care arrangements and programs used in the last month?"* Respondents were asked to consider expenses for all of their children under age 13, for all arrangements and programs used regularly for purposes of work.

2. If child care expenses were reported in question 1, the respondent was asked: *"Is the amount of money you are charged for the child care of any of your children under age 13 determined by how much money you earn?"* This question was intended to capture cases where the family paid on a sliding fee scale.

3. Regardless of whether any child care expenses were reported in question 1, the respondent was asked: *"Does anyone else pay for all or part of the cost of the care for any of your children under age 13? By this I mean a government agency, your employer, or someone outside your household?"*

4. If the respondent answered "yes" to question 3, another question was asked to determine who or what agency helped to pay for child care: welfare or social services, an employer, a noncustodial parent, or some other person or agency (which was recorded by the interviewer). More than one source of help could be reported.

As was mentioned in the text, the NSAF did not ask whether families benefited from child care help that is provided through the tax code.

Understanding Child Care Help

As explained in the text, this analysis uses a broad definition of non-tax child care help, including help from relatives, subsidies from the government or other organizations, and assistance from employers, nonresident parents, and other individuals.

We consider a family to be getting help with child care if:

a. the family reported paying on a sliding fee scale (in question 2 in the section above), or

b. the family reported some other kind of assistance (in question 3), or

c. the family did not report help explicitly, but apparently received some type of help because the family used nonparental child care other than school for a focal child (according to the NSAF questions on child care arrangements) but reported having no expenses (in question 1).

The last group—those whose assistance is inferred—could be receiving child care from relatives or friends who do not ask for payment, or might get free care paid for by subsidy programs funded by the government or other organizations. Some respondents who did not pay for child care likely viewed that care simply as "free" and thus responded "no" when asked if another person or an agency paid the cost of the care.

Sources of Child Care Help

This analysis uses the NSAF questions to examine five sources of child help: relatives, government agencies and other organization, nonresident parents, employers, and other individuals. Families that reported paying on a sliding scale (group a) were counted as receiving government/organization help, and families reporting some other kind of assistance (group b) were categorized according to their response to question 4. Among families whose child care help was inferred (group c), the source of help is inferred according to the child care arrangements used for the focal child(ren). The five sources of child care help are defined as follows:

- *Help from a Relative*

  Families that reported child care help from a relative, and

  Families inferred to have child care help (no expenses and no reported help) that reported that a focal child was cared for by a relative. (We assume that these relatives are providing care without asking for any payment.[1])

- *Help from Government/Organizations*

  Families that reported paying an amount for child care determined by the level of income, and

  Families that reported child care help from welfare or social services, and

  Families that reported child care help from any other source other than an employer or individual (such as the YMCA, a Boys and Girls Club, a child care resource and referral agency, or a child care center), and

  Families inferred to have child care help (no expenses and no reported help) that reported that a focal child was cared for by a child care center, Head Start, or a before- and after-school program. (In other words, we assume that the family is either accessing a free program or uses a subsidy program and has no copayment, and that the family did not report this as help with child care expenses.[2])

- *Help from a Nonresident Parent*

  Families that reported child care help from a noncustodial parent or a parent with shared custody.

- *Help from an Employer*

  Families that reported child care help from an employer.

- *Help from Other Individuals*

  Families that reported child care help from an individual other than a nonresident parent or someone identified as a relative, and

  Families inferred to have child care help (no expenses and no reported help) that reported that a focal child was cared for by a nonrelative in either the family's home or the nonrelative's home. (We assume that this is a friend who provides care without asking for any payment.[3])

Note that among families receiving help from any of these sources, some families reported paying nothing for child care, while others still made some child care payment.

Two important points should be noted about this categorization of the sources of child care help. First, help from the government is combined with help from any other type of organization. This combination is necessary despite the fact that many respondents explicitly reported that a welfare or social services agency paid all or part of their child care costs. In the cases where a family reported that a private organization (such as the YMCA or a Boys and Girls Club) provided the child care help, it is not possible to determine from an interview whether the organization used any government funds in providing that help.[4] Furthermore, in the cases where families reported paying an amount based on their income, it is not possible to determine whether the help is from the government, since sliding fee scales may be used by nonprofit and for-profit child care centers as well as government-funded subsidy programs. Finally, in families that used child care centers or before- and after-school care without paying for that care, and without reporting help explicitly, there is no way to discern whether a government agency or some other organization provided the funding that allowed the family to receive free child care.

Second, a family is captured as receiving help from nonresident parent only if the respondent explicitly reports that a nonresident parent paid part or all of the cost of child care for the respondent's children. Child support income is not counted as child care help, although a family might use child support income to help pay for child care, and some child support orders are calculated in a way that takes child care needs into account.

Minimum Estimates

As discussed in the text, the NSAF data underestimate the actual incidence of nontax help with child care because of the many situations in which a family might not report its child care help. Those situations include:

- A respondent who does not realize that she receives a subsidy (perhaps because she pays part of the bill and the subsidy program pays the remainder directly to the provider).
- A respondent who is too embarrassed to report receiving means-tested help.
- A respondent who considers her child's unpaid arrangement—unpaid relative care, a fully subsidized child care program, Head Start, state-funded prekindergarten, or any other unpaid arrangement—as simply "free," and thus does not report anyone else as paying for all or part of it.

When a family using nonparental child care does not pay *any* child care expenses, we can infer the presence of help, as described earlier. However, if the family does pay some expenses—either because the help does not cover all of the cost of a particular arrangement, or because the family uses multiple arrangements and not all are unpaid—we cannot identify the family as receiving help unless that help is explicitly reported.[5]

This situation particularly affects our estimates of help from relatives. If a relative provides some child care for a family for free (perhaps watching a school-age child after school) but the family still pays for another child care arrangement (perhaps full-time center-based care for a preschooler) we would only capture this family as getting help with child care if the family *explicitly* reported child care help in question 3. There were almost no explicit reports of help from relatives, even among families receiving *all* their child care for free from relatives.[6] Thus, it is likely that our estimates are missing most of the cases when a relative provides some but not all of a family's child care for free.

The imperfect ability to infer child care help when it is not explicitly reported and when a family has some child care expenses also leads to an underestimate of other types of help, particularly government/organization help. For instance, if a TANF family receives free child care for a preschooler through a subsidy program but pays a neighbor to watch an older child after school, we cannot identify the subsidized care if the respondent fails to report it. Similarly, if a family's 4-year-old is in a state pre-kindergarten program but the family's infant is in unsubsidized child care, we cannot identify the state pre-kindergarten as child care help unless the family reports it explicitly.

Thus, our overall estimate of the incidence of child care help should be interpreted as a minimum estimate. Our estimates of help from relatives and government/organization help should also be viewed as minimum estimates.

Notes

1. If a relative was instead being paid through a subsidy program, the family could have reported that fact explicitly. Of course, in some of these cases, the relative may in fact have been paid by a subsidy program, but the family did not report that help.
2. A very small percentage of these families may have instead obtained their free child care through an employer.
3. It is also possible that the nonrelative provider (which could be a family child care home) is being fully paid through a subsidy program but that the family did not report that help.
4. For instance, a YMCA could be the local agency administering a government-funded subsidy program.
5. A third round of the NSAF was conducted in 2002. The child care portion of the survey was redesigned for this round to better elicit cases where parents combine free and paid care, and obtain explicit reasons for entirely free care so those reasons do not have to be inferred.
6. Among families that reported that the only nonparental care used by their focal children was care by relatives, and that reported no child care expenses, only two explicitly reported that a relative helped pay all or part of the cost of child care.

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